

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 AID-05 CIAE-00 COME-00 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 SS-15 NSC-05 L-03 H-01
ITC-01 /078 W

-----131420Z 054060 /40

R 131252Z APR 77

FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 3821
INFO AMEMBASSY ABU DHABI
AMEMBASSY DAMASCUS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT

C O N F I D E N T I A L CAIRO 6180

E.O. 11652: GDS
TAGS: USEGJC, EINV
SUBJECT: INVESTMENTS IN EGYPT: BOYCOTT

REF: STATE 73636 (NOTAL)

1. AS FAR AS WE CAN DETERMINE, THERE HAS BEEN VERY LITTLE
ACTIVITY WITH RESPECT TO RECENT "APPROVAL" OF INVESTMENT
PROPOSALS BY BLACKLISTED U.S. COMPANIES FOLLOWING ANNOUNCE-
MENT MADE IMMEDIATELY PRIOR TO SADAT'S VISIT TO U.S. FORD
REP OUROUSSOFF REPORTS HE HAS HEARD NOTHING FROM HIS PEOPLE
AND IS STILL WAITING FOR INDICATIONS OF WHAT, IF ANYTHING,
HE SHOULD DO. COCA COLA VP AYOUB IS REPORTEDLY BACK IN
CAIRO (WE HAVE NOT YET BEEN IN TOUCH WITH HIM), BUT NONE OF
THE OTHER BOYCOTTED COMPANIES WHOSE PROJECTS WERE APPROVED
APPEAR TO BE ACTIVE YET (XEROX, COLGATE-PALMOLIVE).

2. COMMENT. GOE OFFICIALS CONTINUE TO INSIST THAT
EVERYTHING IS ON TRACK, AND IT IS POSSIBLE THERE ARE
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CONTACTS OF WHICH WE ARE UNAWARE: EGYPTIANS HAVE ALWAYS
TREATED BOTH INVESTMENT AND BOYCOTT QUESTIONS AS RATHER
SENSITIVE AND HAVE TENDED TO BE SOMEWHAT SECRETIVE
(FOR THEM) ON THESE SUBJECTS. IT IS BEGINNING TO APPEAR THAT ONE
OF THE REASONS FOR THE RUSH TO APPROVE PROJECTS THAT ARE GENERALLY
A LONG WAY FROM BEING FULLY AGREED UPON MAY BE DESIRE TO
PRESENT MAY 7 MEETING OF BOYCOTT COMMISSION (IN ALEXANDRIA)

WITH A FAIT ACCOMPLI. (EARLIER UNDERSTANDING, THAT URGENCY WAS A REFLECTION OF DESIRE TO MAKE ANNOUNCEMENTS IN CONNECTION WITH SADAT VISIT TO U.S. SEEMS LARGELY TO HAVE EVAPORATED, SINCE APPARENTLY NOTHING WAS SAID OR DONE IN WASHINGTON.)

3. SO-CALLED SYRIAN FORMULA, UNDER WHICH A COMPANY MAKING AN INVESTMENT IN AN ARAB COUNTRY LARGER THAN WHAT IT HAS IN ISRAEL CAN BE REMOVED FROM BLACKLIST BY HOST COUNTRY--AND THEN HOPEFULLY BY OTHERS, HAS ON OCCASION BEEN MENTIONED BY EGYPTIANS AS MECHANISM BY WHICH FORD ET ALL COULD HAVE BOYCOTT LIFTED. WE ARE NOT YET CERTAIN GOE INTENDS TO FORCE THE ISSUE AT MEETING, BUT SUBJECT IS ALMOST CERTAIN TO COME UP. IT MAY THEREFORE, BE IN OVERALL USG INTERESTS TO ENCOURAGE MODERATE ARABS TO SUPPORT EGYPTIAN EFFORTS TO DEVELOP ECONOMY BY ALL AVAILABLE MEANS, INCLUDING INVESTMENTS BY BOYCOTTED COMPANIES. THERE IS TIME TO CONSIDER MAKING SUCH APPROACHES BEFORE MEETING, AND EMBASSY SUGGESTS DEPARTMENT CONSIDER THIS COURSE OF ACTION.
MATTHEWS

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Message Attributes

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